

# **Capstone Wealth Advisors, Inc.**

5875 Castle Creek Pkwy.  
Ste 290  
Indianapolis, IN 46250

**Telephone: 317-577-8233**

**Facsimile: 317-577-8234**

**[www.capstonewa.com](http://www.capstonewa.com)**

**February 22, 2018**

## **FORM ADV PART 2A BROCHURE**

This brochure provides information about the qualifications and business practices of Capstone Wealth Advisors, Inc. If you have any questions about the contents of this brochure, contact us at 317-577-8233. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Capstone Wealth Advisors, Inc. is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Capstone Wealth Advisors, Inc. is a registered investment adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

## **Item 2 Summary of Material Changes**

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Since the filing of our last annual updating amendment, dated January 16, 2017 we have no material changes to report.

### Item 3 Table of Contents

Item 2 Summary of Material Changes.....	2
Item 3 Table of Contents.....	3
Item 4 Advisory Business.....	4
Item 5 Fees and Compensation.....	5
Item 6 Performance-Based Fees and Side-By-Side Management.....	6
Item 7 Types of Clients.....	6
Item 8 Methods of Analysis, Investment Strategies and Risk of Loss.....	6
Item 9 Disciplinary Information.....	7
Item 10 Other Financial Industry Activities and Affiliations.....	7
Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	8
Item 12 Brokerage Practices.....	8
Item 13 Review of Accounts.....	8
Item 14 Client Referrals and Other Compensation.....	8
Item 15 Custody.....	8
Item 16 Investment Discretion.....	9
Item 17 Voting Client Securities.....	9
Item 18 Financial Information.....	9
Item 19 Requirements for State-Registered Advisers.....	9
Item 20 Additional Information.....	9

## Item 4 Advisory Business

Capstone Wealth Advisors Inc (CWA) was started in the fall of 2002. There are two principal owners Ronald J. Rich and Thomas M. Steinmetz both of whom own 50% of the business. CWA has no other locations or owners.

CWA offers personal Financial Planning Services and Wealth Advisory Services to individuals and families. Those services include tax reduction planning, discretionary asset allocation and monitoring, cash flow planning, estate organization, beneficiary, title and ownership designations, budgeting, life and wealth goal planning, discretionary asset allocation and monitoring includes allocation models built with investment products such as mutual funds, ETFs. and separately managed accounts. The investment monitoring service includes periodic reports which address current values, cost basis and performance. The service also includes a tax letter summary of dividends, interest and capital gains and losses.

CWA meets personally with clients and prospective clients and reviews prior year tax returns, copies of existing investments and has a discussion about the client's cash flow, net worth, investing experience and life and wealth goals. Additionally, we attempt to understand a client's risk tolerance for market volatility and cash reserves to determine the appropriate asset allocation to help them meet their investing needs. For Discretionary Asset Allocation Services, clients may, in the case of the separately managed program, request that a particular security or types of securities be blocked from their account such as alcohol and tobacco.

Advisory Services to Retirement Plans – We offer various levels of advisory and consulting services to employee benefit plans ("Plan") but not directly to the participants of such plans ("Participants"). The services are designed to assist plan sponsors in meeting their management and fiduciary obligations to Participants under the Employee Retirement Income Securities Act ("ERISA"). Pursuant to adopted regulations of the U.S. Department of Labor, we are required to provide the Plan's responsible plan fiduciary (the person who has the authority to engage us as an investment adviser to the Plan) with a written statement of the services we provide to the Plan, the compensation we receive for providing those services, and our status. Capstone Wealth Advisors, Inc. is a state registered investment adviser and represents that it is not subject to any disqualification as set forth in Section 411 of ERISA. In performing fiduciary services, our firm is acting as a fiduciary of the Plan as defined in Section 3(21) under the Employee Retirement Income Security Act ("ERISA") for purposes of providing non-discretionary investment advice only.

Business Advisory Services - We provide advisory services to businesses that may include:

- Development of financial dashboard of key business metrics
- Tax reduction planning
- Determination of business value
- Development of business continuation plan (buy & sell)
- Monitoring of retirement plan
- Wage continuation benefits
- Integration of personal financial planning with business benefit planning

We do not participate in wrap fee arrangements.

As of December 31, 2017, we manage \$89,145,604 of client assets on a discretionary basis.

## Item 5 Fees and Compensation

### Financial Planning Services

We charge a project fee for financial planning services which is negotiable depending on the scope and complexity of the plan, your situation, and your financial objectives. You pay a retainer fee in advance of one half the quoted fees and the balance of the planning fee when the recommendation letter is delivered. The fee is based on an estimate of the total time required to complete the project at the start of the relationship. In limited circumstances, such as extending the length or scope of the initial project, the costs could exceed the initial estimate. In such cases, we will notify you in advance and request that you approve the additional fee. You will be billed directly for our advisory services related to financial planning. Financial planning fees are based on the general billing rate of \$250/hour.

### Wealth Advisory Services

Our advisory fees related to discretionary asset allocation services are payable within thirty (30) days after your receipt of our calendar quarter-end billing statement. The quarterly fee is equal to the amount computed by applying the following applicable quarterly percentage rate to the value of the account at the close of the immediately preceding quarter:

	<u>Amount Invested</u>	<u>Quarterly Rate</u>	<u>Annualized Rate</u>
First	\$ 1 million	.25000%	1.00%
Next	\$ 1 million	.18750%	0.75%
Next	\$ 3 million	.12500%	0.50%
Next	\$10 million	.0625%	0.25%
In excess of	\$15 million	Negotiable	Negotiable

Please note, the above fee schedule does not include the advisory fees paid to SEI Investments Management Corp. In the event of a reduction of account assets during a calendar quarter representing substantially all of account assets, the quarterly fee, prorated to the date of such reduction, shall become payable immediately. The fee rate shall be determined by multiplying the quarterly fee rate times the ratio of the number of days in the quarter prior to the reduction to the number of days in the quarter. Larger accounts may negotiate fees per the fee schedule.

We will send you an invoice for the payment of our advisory fee or we will deduct our fee directly from your account through the qualified custodian holding your funds and securities. We will deduct our advisory fee only when the following requirements are met:

- You provide our firm with written authorization permitting the fees to be paid directly from your account held by the qualified custodian.
- The qualified custodian agrees to send you a statement, at least quarterly, indicating all amounts dispersed from your account including the amount of the advisory fee paid directly to our firm.

You may terminate the Wealth Advisory Services Agreement upon 30-days' written notice to our firm. You will incur a pro rata charge for services rendered prior to the termination of the portfolio Wealth Advisory Services Agreement, which means you will incur advisory fees only in proportion to the number of days in the quarter for which you are a client.

Clients incur mutual fund and separate manager fees in addition to the CWA advisory fee. The account opening documents for the individual fund or manager will provide details regarding additional charges

and/or account size minimums.

#### Advisory Services to Retirement Plans

The services we provide to your Plan are described in Item 4 of this brochure and in the advisory agreement that you sign. Our compensation for these services are based on either a flat fee or on percentage of plan assets and is negotiable based on the complexity of the plan and amount of time needed to properly service the accounts under the Plan. We do not reasonably expect to receive any other compensation, direct or indirect, for the services we provide to the Plan or Participants. In most cases our fees are billed directly to the plan sponsor unless the plan sponsor arranges for our fee to be deducted from the plan or directs the plan record-keeper to issue payment for our fee out of the plan. If we receive any other compensation for such services, we will (i) offset the compensation against our stated fees, and (ii) we will promptly disclose the amount of such compensation, the services rendered for such compensation and the payer of such compensation to you.

#### Business Advisory Services

Business Advisory Services provided are at an hourly rate of \$250.00, due at the beginning of each quarter and payable to Capstone Wealth Advisors, Inc.

We do not sell products or receive commissions. We do not recommend investments that pay a commission, nor do we sell them.

### **Item 6 Performance-Based Fees and Side-By-Side Management**

We do not receive performance based fees.

### **Item 7 Types of Clients**

Most of our clients are individuals and families. We also provide investment advice and monitor performance for small to mid size 401(k) and profit sharing plans. We do not accept accounts smaller than \$250,000 and reserve the right to charge a minimum fee of \$2,500.00 annually for discretionary asset allocation services.

### **Item 8 Methods of Analysis, Investment Strategies and Risk of Loss**

We review our client's income tax return, discuss their personal life and wealth goals and the client willingness to accept market volatility. Based on this information we recommend investments and discretionary asset allocation models consistent with these factors. All investments have a risk of market loss.

All clients should be advised that investing has risks which include potential loss of principal, under performing the market and experiencing extended periods of time when investments perform below historical averages. Historical returns are not guarantees of future performance.

Most of our clients invest in mutual funds or separately managed accounts. Diversified investments such as mutual funds or professionally managed portfolios do not prevent the risk of loss or guarantee performance. All investing activity includes the risk of loss of principal and under performing the market.

## Item 9 Disciplinary Information

Capstone Wealth Advisors, Inc. has been registered and providing investment advisory services since 2002. Neither our firm nor any of our management persons has any legal or disciplinary information.

## Item 10 Other Financial Industry Activities and Affiliations

We have not provided information on other financial industry activities and affiliations because we do not have any relationship or arrangement that is material to our advisory business or to our clients with any of the types of entities listed below.

1. broker-dealer, municipal securities dealer, or government securities dealer or broker.
2. investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund).
3. other investment adviser or financial planner.
4. futures commission merchant, commodity pool operator, or commodity trading advisor.
5. banking or thrift institution.
6. accountant or accounting firm.
7. lawyer or law firm.
8. insurance company or agency.
9. pension consultant.
10. real estate broker or dealer.
11. sponsor or syndicator of limited partnerships.

CWA also provides business advisory services to medical practices and other privately owned businesses on an hourly fee or fixed fee basis. These services include banking relationships, the sale and or purchase of the practice/business or its assets, practice management evaluations/reviews and financial/accounting. The fees paid for advisory services are separate and distinct from the fees for these other business services.

### Recommendations or Selections of Other Investment Advisers

CWA recommends other investment advisers to help with the administration of client accounts. In such circumstances, CWA will not share in the other investment adviser's asset management fee but will be paid separately by the client. This situation creates a conflict of interest. However, when recommending another investment adviser, the client's best interest and suitability of the other investment adviser will be the main determining factors of CWA. This relationship is disclosed to the client at the commencement of the advisory relationship. CWA will only recommend another investment adviser who is properly licensed or registered as an investment adviser.

Currently, CWA recommends that certain clients allocate investment assets among the various ETF & mutual fund asset allocation models, underlying mutual funds, and/or independent investment manager programs offered through SEI Investments Management Corp. ("SEI"), as well as investment models developed by CWA. SEI is a global asset management company and sponsor of its own proprietary mutual funds. SEI Private Trust Company, an affiliate of SEI, serves as custodian for each SEI account, and provides each client with reporting services, including consolidated monthly statements, quarterly performance reports, and year-end tax reports. SEI enables investment advisers such as CWA to offer its clients services that are not otherwise available to the general public. As part of its overall investment management program, SEI offers quarterly rebalancing of each client's investment assets for the purpose of maintaining the assets in accordance with the client's previously

designated asset allocations for the SEI account.

## **Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

We do not buy or sell securities for clients in which we have a material interest.

We purchase and own the same mutual funds and use the same separate account managers as we recommend to our clients. We believe in what we recommend to our clients and purchase them from the same independent party as our clients and receive no preference or compensation.

Our purchase of mutual funds and the use of separate account managers similar to what we recommend to our clients does not present a conflict of interest. We pay the same price receive the same reports and are not compensated. Nor do we receive any preferences of any kind from the custodian.

## **Item 12 Brokerage Practices**

We maintain relationships with several custodians. While you are free to choose any custodian or other service provider, we recommend that you establish an account with a custodian with which we have an existing relationship.

## **Item 13 Review of Accounts**

We review all accounts no less than annually. Reviews are conducted by Ron Rich, President and the investment adviser representative assigned to the account. We review asset allocation, performance, cash flow in and out, gains and losses and manager changes.

We review periodically but will review anytime a client requests.

We provide no less than quarterly reports sent either by mail or electronically. The reports indicate current account market value, all activity, securities owned, cash flow in and out.

## **Item 14 Client Referrals and Other Compensation**

We have received no economic benefits, prizes or awards.

We do not compensate any person who is not an employee of the firm. We do on occasion have lunch or dinner with other professionals who provide services to our clients such as attorneys, CPA's and insurance professionals for the purpose of discussing developments in our respective professions and for the mutual benefit of our shared clients. Further we invite these individuals to our educational and lifetime learning events for the mutual benefit of our shared clients.

## **Item 15 Custody**

We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other independent, qualified custodian. You will receive account statements from the independent, qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review account statements for accuracy.

## **Item 16 Investment Discretion**

You may grant our firm discretion over the selection and amount of securities to be purchased or sold for your account(s) without obtaining your consent or approval prior to each transaction. You may specify investment objectives, guidelines, and/or impose certain conditions or investment parameters for your separately managed account(s). For example, you may specify that the investment in any particular industry should not exceed specified percentages of the value of the portfolio and/or restrictions or prohibitions of transactions in the securities of a specific industry or security.

## **Item 17 Voting Client Securities**

We do not vote client securities, Clients receive proxy material directly from the custodian and may call us should they have questions.

## **Item 18 Financial Information**

Our firm does not have any financial condition or impairment that would prevent us from meeting our contractual commitments to you. We do not take physical custody of client funds or securities, or serve as trustee or signatory for client accounts, and, we do not require the prepayment of more than \$500 in fees six or more months in advance nor have we filed a bankruptcy petition at any time in the past ten years. Therefore, we are not required to include a financial statement with this brochure.

## **Item 19 Requirements for State-Registered Advisers**

Refer to the Part(s) 2B for background information about management personnel and those giving advice on behalf of our firm.

Please refer to the "Advisory Business" section of this brochure for information on all of the firm's advisory activities.

Neither our firm, nor any persons associated with our firm are compensated for advisory services with performance-based fees. Please refer to the "Performance-Based Fees and Side-By-Side Management" section above for additional information on this topic.

Neither our firm, nor any of our management persons have any reportable arbitration claims, civil, self-regulatory organization proceedings or administrative proceedings.

Neither our firm, nor any of our management persons have a material relationship or arrangement with any issuer of securities.

## **Item 20 Additional Information**

### **Your Privacy**

We view protecting your private information as a top priority. Pursuant to applicable privacy requirements, we have instituted policies and procedures to ensure that we keep your personal information private and secure.

We do not disclose any non-public personal information about you to any non-affiliated third parties, except as permitted by law. In the course of servicing your account, we may share some information with our service providers, such as transfer agents, custodians, broker-dealers, accountants,

consultants, and attorneys.

We restrict internal access to non-public personal information about you to employees, who need that information in order to provide products or services to you. We maintain physical and procedural safeguards that comply with regulatory standards to guard your non-public personal information and to ensure our integrity and confidentiality. We will not sell information about you or your accounts to anyone. We do not share your information unless it is required to process a transaction, at your request, or required by law.

You will receive a copy of our privacy notice prior to or at the time you sign an advisory agreement with our firm. Thereafter, we will deliver a copy of the current privacy policy notice to you on an annual basis. Please contact our main office at the telephone number on the cover page of this brochure if you have any questions regarding this policy.

### **Trade Errors**

In the event a trading error occurs in your account, our policy is to restore your account to the position it should have been in had the trading error not occurred. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the account. If a trade error results in a profit, the trade error will be corrected in the trade error account of the executing broker-dealer and you will not keep the profit.

### **Class Action Lawsuits**

We do not determine if securities held by you are the subject of a class action lawsuit or whether you are eligible to participate in class action settlements or litigation nor do we initiate or participate in litigation to recover damages on your behalf for injuries as a result of actions, misconduct, or negligence by issuers of securities held by you.